

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5835
ORDERED REPORTED BY THE COMMITTEE ON
VETERANS AFFAIRS ON JULY 20, 2006

Strike all after the enacting clause and insert the following:

1 SEC. 1. SHORT TITLE.

2 This Act may be cited as the “Veterans Identity and
3 Credit Security Act of 2006”.

4 SEC. 2. FEDERAL AGENCY DATA BREACH NOTIFICATION
5 REQUIREMENTS.

6 (a) AUTHORITY OF DIRECTOR OF OFFICE OF MAN-
7 AGEMENT AND BUDGET TO ESTABLISH DATA BREACH
8 POLICIES.—Section 3543(a) of title 44, United States
9 Code, is amended—

10 (1) by striking “and” at the end of paragraph

11 (7);

12 (2) by striking the period and inserting “; and”
13 at the end of paragraph (8); and

14 (3) by adding at the end the following new
15 paragraph:

16 “(9) establishing policies, procedures, and
17 standards for agencies to follow in the event of a

1 breach of data security involving the disclosure of
2 sensitive personal information in violation of section
3 552a of title 5, including a requirement for timely
4 notice to be given to those individuals whose sen-
5 sitive personal information could be compromised as
6 a result of such breach, except no notice shall be re-
7 quired if the breach does not create a reasonable
8 risk of identity theft, fraud, or other unlawful con-
9 duct regarding such individual.”.

10 (b) AUTHORITY OF CHIEF INFORMATION OFFICER
11 TO ENFORCE DATA BREACH POLICIES.—Section
12 3544(a)(3) of title 44, United States Code, is amended
13 by inserting after “authority to ensure compliance with”
14 the following: “and, to the extent determined necessary
15 and explicitly authorized by the head of the agency, to en-
16 force”.

17 (c) INCLUSION OF DATA BREACH NOTIFICATION IN
18 AGENCY INFORMATION SECURITY PROGRAMS.—Section
19 3544(b) of title 44, United States Code, is amended—

20 (1) by striking “and” at the end of paragraph
21 (7);

22 (2) by striking the period and inserting “; and”
23 at the end of paragraph (8); and

24 (3) by adding at the end the following new
25 paragraph:

1 “(9) procedures for notifying individuals whose
2 sensitive personal information is compromised con-
3 sistent with policies, procedures, and standards es-
4 tablished under section 3543(a)(9) of this title.”.

5 (d) SENSITIVE PERSONAL INFORMATION DEFINI-
6 TION.—Section 3542(b) of title 44, United States Code,
7 is amended by adding at the end the following new para-
8 graph:

9 “(4) The term ‘sensitive personal information’
10 means any information contained in a record, as de-
11 fined in section 552a(4) of title 5.”.

12 **SEC. 3. UNDER SECRETARY FOR INFORMATION SERVICES.**

13 (a) UNDER SECRETARY.—Chapter 3 of title 38,
14 United States Code, is amended by inserting after section
15 307 the following new section:

16 **“§ 307A. Under Secretary for Information Services**

17 “(a) UNDER SECRETARY.—There is in the Depart-
18 ment an Under Secretary for Information Services, who
19 is appointed by the President, by and with the advice and
20 consent of the Senate. The Under Secretary shall be the
21 head of the Office of Information Services and shall per-
22 form such functions as the Secretary shall prescribe.

23 “(b) SERVICE AS CHIEF INFORMATION OFFICER.—
24 Notwithstanding any other provision of law, the Under
25 Secretary for Information Services shall serve as the Chief

1 Information Officer of the Department under section 310
2 of this title.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 at the beginning of such chapter is amended by inserting
5 after the item relating to section 307 the following new
6 item:

“307A. Under Secretary for Information Services.”.

7 (c) CONFORMING AMENDMENT.—Section 308(b) of
8 such title is amended by striking paragraph (5) and redesh-
9 ignating paragraphs (6) through (11) as paragraphs (5)
10 through (10), respectively.

11 **SEC. 4. DEPARTMENT OF VETERANS AFFAIRS INFORMA-**
12 **TION SECURITY.**

13 (a) INFORMATION SECURITY.—Chapter 57 of title
14 38, United States Code, is amended by adding at the end
15 the following new subchapter:

16 “SUBCHAPTER III—INFORMATION SECURITY
17 “§ 5721. Definitions

18 “For the purposes of this subchapter:

19 “(1) The term ‘sensitive personal information’
20 means the name, address, or telephone number of an
21 individual, in combination with any of the following:

22 “(A) The Social Security number of the in-
23 dividual.

24 “(B) The date of birth of the individual.

1 “(C) Any information not available as part
2 of the public record regarding the individual’s
3 military service or health.

4 “(D) Any financial account or other finan-
5 cial information relating to the individual.

6 “(E) The driver’s license number or equiv-
7 alent State identification number of the indi-
8 vidual.

9 “(F) The deoxyribonucleic acid profile or
10 other unique biometric data of the individual,
11 including the fingerprint, voice print, retina or
12 iris image, or other unique physical representa-
13 tion of the individual.

14 “(2) The term ‘data breach’ means the loss,
15 theft, or other unauthorized access to data con-
16 taining sensitive personal information, in electronic
17 or printed form, that results in the potential com-
18 promise of the confidentiality or integrity of the
19 data.

20 “(3) The term ‘data breach analysis’ means the
21 identification of any misuse of sensitive personal in-
22 formation involved in a data breach.

23 “(4) The term ‘fraud resolution services’ means
24 services to assist an individual in the process of re-

1 covering and rehabilitating the credit of the indi-
2 vidual after the individual experiences identity theft.

3 “(5) The term ‘identity theft’ has the meaning
4 given such term under section 603 of the Fair Cred-
5 it Reporting Act (15 U.S.C. 1681a).

6 “(6) The term ‘identity theft insurance’ means
7 any insurance policy that pays benefits for costs, in-
8 cluding travel costs, notary fees, and postage costs,
9 lost wages, and legal fees and expenses associated
10 with the identity theft of the insured individual.

11 “(7) The term ‘principal credit reporting agen-
12 cy’ means a consumer reporting agency as described
13 in section 603(p) of the Fair Credit Reporting Act
14 (15 U.S.C. 1681a(p)).

15 **“§ 5722. Office of the Under Secretary for Information**
16 **Services**

17 “(a) DEPUTY UNDER SECRETARIES.—The Office of
18 the Under Secretary for Information Services shall consist
19 of the following:

20 “(1) The Deputy Under Secretary for Informa-
21 tion Services for Security, who shall serve as the
22 Senior Information Security Officer of the Depart-
23 ment.

24 “(2) The Deputy Under Secretary for Informa-
25 tion Services for Operations and Management.

1 “(3) The Deputy Under Secretary for Informa-
2 tion Services for Policy and Planning.

3 “(b) APPOINTMENTS.—Appointments under sub-
4 section (a) shall be made by the Secretary, notwith-
5 standing the limitations of section 709 of this title.

6 “(c) QUALIFICATIONS.—At least one of positions es-
7 tablished and filled under subsection (a) shall be filled by
8 an individual who has at least five years of continuous
9 service in the Federal civil service in the executive branch
10 immediately preceding the appointment of the individual
11 as a Deputy Under Secretary. For purposes of deter-
12 mining such continuous service of an individual, there
13 shall be excluded any service by such individual in a posi-
14 tion—

15 “(1) of a confidential, policy-determining, pol-
16 icy-making, or policy-advocating character;

17 “(2) in which such individual served as a non-
18 career appointee in the Senior Executive Service, as
19 such term is defined in section 3132(a)(7) of title 5;
20 or

21 “(3) to which such individual was appointed by
22 the President.

23 **“§ 5723. Information security management**

24 “(a) RESPONSIBILITIES OF CHIEF INFORMATION OF-
25 FICER.—To support the economical, efficient, and effec-

1 tive execution of subtitle III of chapter 35 of title 44, and
2 policies and plans of the Department, the Secretary shall
3 ensure that the Chief Information Officer of the Depart-
4 ment has the authority and control necessary to develop,
5 approve, implement, integrate, and oversee the policies,
6 procedures, processes, activities, and systems of the De-
7 partment relating to that subtitle, including the manage-
8 ment of all related mission applications, information re-
9 sources, personnel, and infrastructure.

10 “(b) ANNUAL COMPLIANCE REPORT.—Not later than
11 March 1 of each year, the Secretary shall submit to the
12 Committees on Veterans’ Affairs of the Senate and House
13 of Representatives, the Committee on Government Reform
14 of the House of Representatives, and the Committee on
15 Homeland Security and Governmental Affairs of the Sen-
16 ate, a report on the Department’s compliance with subtitle
17 III of chapter 35 of title 44. The information in such re-
18 port shall be displayed in the aggregate and separately for
19 each Administration, office, and facility of the Depart-
20 ment.

21 “(c) REPORTS TO SECRETARY OF COMPLIANCE DE-
22 FICIENCIES.—(1) At least once every month, the Chief In-
23 formation Officer shall report to the Secretary any defi-
24 ciency in the compliance with subtitle III of chapter 35

1 of title 44 of the Department or any Administration, of-
2 fice, or facility of the Department.

3 “(2) The Chief Information Officer shall immediately
4 report to the Secretary any significant deficiency in such
5 compliance.

6 “(d) DATA BREACHES.—(1) The Chief Information
7 Officer shall immediately provide notice to the Secretary
8 of any data breach.

9 “(2) Immediately after receiving notice of a data
10 breach under paragraph (1), the Secretary shall provide
11 notice of such breach to the Director of the Office of Man-
12 agement and Budget, the Inspector General of the Depart-
13 ment, and, if appropriate, the Federal Trade Commission
14 and the United States Secret Service.

15 “(e) BUDGETARY MATTERS.—When the budget for
16 any fiscal year is submitted by the President to Congress
17 under section 1105 of title 31, the Secretary shall submit
18 to Congress a report that identifies amounts requested for
19 Department implementation and remediation of and com-
20 pliance with this subchapter and subtitle III of chapter
21 35 of title 44. The report shall set forth those amounts
22 both for each Administration within the Department and
23 for the Department in the aggregate and shall identify,
24 for each such amount, how that amount is aligned with
25 and supports such implementation and compliance.

1 **“§ 5724. Congressional reporting and notification of**
2 **data breaches**

3 “(a) QUARTERLY REPORTS.—(1) Not later than 30
4 days after the last day of a fiscal quarter, the Secretary
5 shall submit to the Committees on Veterans’ Affairs of
6 the Senate and House of Representatives a report on any
7 data breach with respect to sensitive personal information
8 processed or maintained by the Department that occurred
9 during that quarter.

10 “(2) Each report submitted under paragraph (1)
11 shall identify, for each data breach covered by the report,
12 the Administration and facility of the Department respon-
13 sible for processing or maintaining the sensitive personal
14 information involved in the data breach.

15 “(b) NOTIFICATION OF SIGNIFICANT DATA
16 BREACHES.—(1) In the event of a data breach with re-
17 spect to sensitive personal information processed or main-
18 tained by the Secretary that the Secretary determines is
19 significant, the Secretary shall provide notice of such
20 breach to the Committees on Veterans’ Affairs of the Sen-
21 ate and House of Representatives.

22 “(2) Notice under paragraph (1) shall be provided
23 promptly following the discovery of such a data breach and
24 the implementation of any measures necessary to deter-
25 mine the scope of the breach, prevent any further breach

1 or unauthorized disclosures, and reasonably restore the in-
2 tegrity of the data system.

3 **“§ 5725. Data breaches**

4 “(a) INDEPENDENT RISK ANALYSIS.—(1) In the
5 event of a data breach with respect to sensitive personal
6 information that is processed or maintained by the Sec-
7 retary, the Secretary shall ensure that, as soon as possible
8 after the data breach, a non-Department entity conducts
9 an independent risk analysis of the data breach to deter-
10 mine the level of risk associated with the data breach for
11 the potential misuse of any sensitive personal information
12 involved in the data breach.

13 “(2) If the Secretary determines, based on the find-
14 ings of a risk analysis conducted under paragraph (1),
15 that a reasonable risk exists for the potential misuse of
16 sensitive information involved in a data breach, the Sec-
17 retary shall provide credit protection services in accord-
18 ance with section 5726 of this title.

19 “(b) NOTIFICATION.—(1) In the event of a data
20 breach with respect to sensitive personal information that
21 is processed or maintained by the Secretary, the Secretary
22 shall provide to an individual whose sensitive personal in-
23 formation is involved in that breach notice of the data
24 breach—

25 “(A) in writing; or

1 “(B) by email, if—

2 “(i) the Department’s primary method of
3 communication with the individual is by email;
4 and

5 “(ii) the individual has consented to receive
6 such notification.

7 “(2) Notice provided under paragraph (1) shall—

8 “(A) describe the circumstances of the data
9 breach and the risk that the breach could lead to
10 misuse, including identity theft, involving the sen-
11 sitive personal information of the individual;

12 “(B) describe the specific types of sensitive per-
13 sonal information that was compromised as a part of
14 the data breach;

15 “(C) describe the actions the Department is
16 taking to remedy the data breach;

17 “(D) inform the individual that the individual
18 may request a fraud alert and credit security freeze
19 under this section;

20 “(E) clearly explain the advantages and dis-
21 advantages to the individual of receiving fraud alerts
22 and credit security freezes under this section; and

23 “(F) includes such other information as the
24 Secretary determines is appropriate.

1 “(3) The notice required under paragraph (1) shall
2 be provided promptly following the discovery of a data
3 breach and the implementation of any measures necessary
4 to determine the scope of the breach, prevent any further
5 breach or unauthorized disclosures, and reasonably restore
6 the integrity of the data system.

7 “(c) REPORT.—For each data breach with respect to
8 sensitive personal information processed or maintained by
9 the Secretary, the Secretary shall promptly submit to the
10 Committees on Veterans’ Affairs of the Senate and House
11 of Representatives a report containing the findings of any
12 independent risk analysis conducted under subsection
13 (a)(1), any determination of the Secretary under sub-
14 section (a)(2), and a description of any credit protection
15 services provided under section 5726 of this title.

16 “(d) FINAL DETERMINATION.—Notwithstanding sec-
17 tions 511 and 7104(a) of this title, any determination of
18 the Secretary under subsection (a)(2) with respect to the
19 reasonable risk for the potential misuse of sensitive infor-
20 mation involved in a data breach is final and conclusive
21 and may not be reviewed by any other official, administra-
22 tive body, or court, whether by an action in the nature
23 of mandamus or otherwise.

24 “(e) FRAUD ALERTS.—(1) In the event of a data
25 breach with respect to sensitive personal information that

1 is processed or maintained by the Secretary, the Secretary
2 shall arrange, upon the request of an individual whose sen-
3 sitive personal information is involved in the breach to a
4 principal credit reporting agency with which the Secretary
5 has entered into a contract under section 5726(d) and at
6 no cost to the individual, for the principal credit reporting
7 agency to provide fraud alert services for that individual
8 for a period of not less than one year, beginning on the
9 date of such request, unless the individual requests that
10 such fraud alert be removed before the end of such period,
11 and the agency receives appropriate proof of the identity
12 of the individual for such purpose.

13 “(2) The Secretary shall arrange for each principal
14 credit reporting agency referred to in paragraph (1) to
15 provide any alert requested under such subsection in the
16 file of the individual along with any credit score generated
17 in using that file, for a period of not less than one year,
18 beginning on the date of such request, unless the indi-
19 vidual requests that such fraud alert be removed before
20 the end of such period, and the agency receives appro-
21 priate proof of the identity of the individual for such pur-
22 pose.

23 “(f) CREDIT SECURITY FREEZE.— (1) In the event
24 of a data breach with respect to sensitive personal infor-
25 mation that is processed or maintained by the Secretary,

1 the Secretary shall arrange, upon the request of an indi-
2 vidual whose sensitive personal information is involved in
3 the breach and at no cost to the individual, for each prin-
4 cipal credit reporting agency to apply a security freeze to
5 the file of that individual for a period of not less than
6 one year, beginning on the date of such request, unless
7 the individual requests that such security freeze be re-
8 moved before the end of such period, and the agency re-
9 ceives appropriate proof of the identity of the individual
10 for such purpose.

11 “(2) The Secretary shall arrange for a principal cred-
12 it reporting agency applying a security freeze under para-
13 graph (1)—

14 “(A) to send a written confirmation of the security
15 freeze to the individual within five business days of apply-
16 ing the freeze;

17 “(B) to refer the information regarding the security
18 freeze to other consumer reporting agencies;

19 “(C) to provide the individual with a unique personal
20 identification number or password to be used by the indi-
21 vidual when providing authorization for the release of the
22 individual’s credit for a specific party or period of time;
23 and

24 “(D) upon the request of the individual, to tempo-
25 rarily lift the freeze for a period of time specified by the

1 individual, beginning not later than three business days
2 after the date on which the agency receives the request.

3 **“§ 5726. Provision of credit protection services**

4 “(a) COVERED INDIVIDUAL.—For purposes of this
5 section, a covered individual is an individual whose sen-
6 sitive personal information that is processed or maintained
7 by the Department (or any third-party entity acting on
8 behalf of the Department) is involved, on or after August
9 1, 2005, in a data breach for which the Secretary deter-
10 mines a reasonable risk exists for the potential misuse of
11 sensitive personal information under section 5725(a)(2) of
12 this title.

13 “(b) NOTIFICATION.—(1) In addition to any notice
14 required under subsection 5725(b) of this title, the Sec-
15 retary shall provide to a covered individual notice in writ-
16 ing that—

17 “(A) the individual may request credit protec-
18 tion services under this section;

19 “(B) clearly explains the advantages and dis-
20 advantages to the individual of receiving credit pro-
21 tection services under this section;

22 “(E) includes a notice of which principal credit
23 reporting agency the Secretary has entered into a
24 contract with under subsection (d), and information
25 about requesting services through that agency;

1 “(C) describes actions the individual can or
2 should take to reduce the risk of identity theft; and

3 “(D) includes such other information as the
4 Secretary determines is appropriate.

5 “(2) The notice required under paragraph (1) shall
6 be made as promptly as possible and without unreasonable
7 delay following the discovery of a data breach for which
8 the Secretary determines a reasonable risk exists for the
9 potential misuse of sensitive personal information under
10 section 5725(a)(2) of this title and the implementation of
11 any measures necessary to determine the scope of the
12 breach, prevent any further breach or unauthorized disclo-
13 sures, and reasonably restore the integrity of the data sys-
14 tem.

15 “(3) The Secretary shall ensure that each notification
16 under paragraph (1) includes a form or other means for
17 readily requesting the credit protection services under this
18 section. Such form or other means may include a tele-
19 phone number, email address, or Internet website address.

20 “(c) AVAILABILITY OF SERVICES THROUGH OTHER
21 GOVERNMENT AGENCIES.—If a service required to be pro-
22 vided under this section is available to a covered individual
23 through another department or agency of the Government,
24 the Secretary and the head of that department or agency
25 may enter into an agreement under which the head of that

1 department or agency agrees to provide that service to the
2 covered individual.

3 “(d) CONTRACT WITH CREDIT REPORTING AGEN-
4 CY.—Subject to the availability of appropriations and not-
5 withstanding any other provision of law, the Secretary
6 shall enter into contracts or other agreements as necessary
7 with one or more principal credit reporting agencies in
8 order to ensure, in advance, the provision of credit protec-
9 tion services under this section and fraud alerts and secu-
10 rity freezes under section 5725 of this title. Any such con-
11 tract or agreement may include provisions for the Sec-
12 retary to pay the expenses of such a credit reporting agen-
13 cy for the provision of such services.

14 “(e) DATA BREACH ANALYSIS.—The Secretary shall
15 arrange, upon the request of a covered individual and at
16 no cost to the individual, to provide data breach analysis
17 for the individual for a period of not less than one year,
18 beginning on the date of such request.

19 “(f) PROVISION OF CREDIT MONITORING SERVICES
20 AND IDENTITY THEFT INSURANCE.—During the one-year
21 period beginning on the date on which the Secretary noti-
22 fies a covered individual that the individual’s sensitive per-
23 sonal information is involved in a data breach, the Sec-
24 retary shall arrange, upon the request of the individual
25 and without charge to the individual, for the provision of

1 credit monitoring services to the individual. Credit moni-
2 toring services under this subsection shall include each of
3 the following:

4 “(1) One copy of the credit report of the indi-
5 vidual every three months.

6 “(2) Fraud resolution services for the indi-
7 vidual.

8 “(3) Identity theft insurance in a coverage
9 amount that does not exceed \$30,000 in aggregate
10 liability for the insured.

11 **“§ 5727. Contracts for data processing or mainte-**
12 **nance**

13 “(a) CONTRACT REQUIREMENTS.—If the Secretary
14 enters into a contract for the performance of any Depart-
15 ment function that requires access to sensitive personal
16 information, the Secretary shall require as a condition of
17 the contract that—

18 “(1) the contractor shall not, directly or
19 through an affiliate of the contractor, disclose such
20 information to any other person unless the disclo-
21 sure is lawful and is expressly permitted under the
22 contract;

23 “(2) the contractor, or any subcontractor for a
24 subcontract of the contract, shall promptly notify the

1 Secretary of any data breach that occurs with re-
2 spect to such information.

3 “(b) LIQUIDATED DAMAGES.—Each contract subject
4 to the requirements of subsection (a) shall provide for liq-
5 uidated damages to be paid by the contractor to the Sec-
6 retary in the event of a data breach with respect to any
7 sensitive personal information processed or maintained by
8 the contractor or any subcontractor under that contract.

9 “(c) PROVISION OF CREDIT PROTECTION SERV-
10 ICES.—Any amount collected by the Secretary under sub-
11 section (b) shall be deposited in or credited to the Depart-
12 ment account from which the contractor was paid and
13 shall remain available for obligation without fiscal year
14 limitation exclusively for the purpose of providing credit
15 protection services in accordance with section 5726 of this
16 title.

17 **“§ 5728. Authorization of appropriations**

18 “There are authorized to be appropriated to carry out
19 this subchapter such sums as may be necessary for each
20 fiscal year.”.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 at the beginning of such chapter is amended by adding
23 at the end the following new items:

“SUBCHAPTER III—INFORMATION SECURITY

“5721. Definitions.

“5722. Office of the Under Secretary for Information Services.

“5723. Information security management.

“5724. Congressional reporting and notification of data breaches.

“5725. Data breaches.
“5726. Provision of credit protection services.
“5727. Contracts for data processing or maintenance.
“5728. Authorization of appropriations.”.

1 (c) DEADLINE FOR REGULATIONS.—Not later than
2 60 days after the date of the enactment of this Act, the
3 Secretary of Veterans Affairs shall publish regulations to
4 carry out subchapter III of chapter 57 of title 38, United
5 States Code, as added by subsection (a).

6 **SEC. 5. REPORT ON FEASIBILITY OF USING PERSONAL**
7 **IDENTIFICATION NUMBERS FOR IDENTIFICA-**
8 **TION.**

9 Not later than 180 days after the date of the enact-
10 ment of this Act, the Secretary of Veterans Affairs shall
11 submit to Congress a report containing the assessment of
12 the Secretary with respect to the feasibility of using per-
13 sonal identification numbers instead of Social Security
14 numbers for the purpose of identifying individuals whose
15 sensitive personal information (as that term is defined in
16 section 5721 of title 38, United States Code, as added by
17 section 4) is processed or maintained by the Secretary.

18 **SEC. 6. DEADLINE FOR APPOINTMENTS.**

19 (a) DEADLINE.—Not later than 180 days after the
20 date of the enactment of this Act—

21 (1) the President shall nominate an individual
22 to serve as the Under Secretary of Veterans Affairs

1 for Information Services under section 307A of title
2 38, United States Code, as added by section 3; and
3 (2) the Secretary of Veterans Affairs shall ap-
4 point an individual to serve as each of the Deputy
5 Under Secretaries of Veterans Affairs for Informa-
6 tion Services under section 5722 of such title, as
7 added by section 4.

8 (b) REPORT.—Not later than 30 days after the date
9 of the enactment of this Act, and every 30 days thereafter
10 until the appointments described in subsection (a) are
11 made, the Secretary of Veterans Affairs shall submit to
12 Congress a report describing the progress of such appoint-
13 ments.

14 **SEC. 7. INFORMATION SECURITY EDUCATION ASSISTANCE**
15 **PROGRAM.**

16 (a) PROGRAM REQUIRED.—Title 38, United States
17 Code, is amended by inserting after chapter 78 the fol-
18 lowing new chapter:

19 **“CHAPTER 79—INFORMATION SECURITY**
20 **EDUCATION ASSISTANCE PROGRAM**

“Sec.

“7901. Programs; purpose.

“7902. Scholarship program.

“7903. Education debt reduction program.

“7904. Preferences in awarding financial assistance.

“7905. Requirement of honorable discharge for veterans receiving assistance.

“7906. Regulations.

“7907. Termination.

1 **“§ 7901. Programs; purpose**

2 “(a) IN GENERAL.—To encourage the recruitment
3 and retention of Department personnel who have the in-
4 formation security skills necessary to meet Department re-
5 quirements, the Secretary shall carry out programs in ac-
6 cordance with this chapter to provide financial support for
7 education in computer science and electrical and computer
8 engineering at accredited institutions of higher education.

9 “(b) TYPES OF PROGRAMS.—The programs author-
10 ized under this chapter are as follows:

11 “(1) Scholarships for pursuit of doctoral de-
12 grees in computer science and electrical and com-
13 puter engineering at accredited institutions of higher
14 education.

15 “(2) Education debt reduction for Department
16 personnel who hold doctoral degrees in computer
17 science and electrical and computer engineering at
18 accredited institutions of higher education.

19 **“§ 7902. Scholarship program**

20 “(a) AUTHORITY.—(1) Subject to the availability of
21 appropriations, the Secretary shall establish a scholarship
22 program under which the Secretary shall, subject to sub-
23 section (d), provide financial assistance in accordance with
24 this section to a qualified person—

1 “(A) who is pursuing a doctoral degree in com-
2 puter science or electrical or computer engineering
3 at an accredited institution of higher education; and

4 “(B) who enters into an agreement with the
5 Secretary as described in subsection (b).

6 “(2)(A) Except as provided under subparagraph (B),
7 the Secretary may provide financial assistance under this
8 section to an individual for up to five years.

9 “(B) The Secretary may waive the limitation under
10 subparagraph (A) if the Secretary determines that such
11 a waiver is appropriate.

12 “(3)(A) The Secretary may award up to five scholar-
13 ships for any academic year to individuals who did not
14 receive assistance under this section for the preceding aca-
15 demic year.

16 “(B) Not more than one scholarship awarded under
17 subparagraph (A) may be awarded to an individual who
18 is an employee of the Department when the scholarship
19 is awarded.

20 “(b) SERVICE AGREEMENT FOR SCHOLARSHIP RE-
21 CIPIENTS.—(1) To receive financial assistance under this
22 section an individual shall enter into an agreement to ac-
23 cept and continue employment in the Department for the
24 period of obligated service determined under paragraph
25 (2).

1 “(2) For the purposes of this subsection, the period
2 of obligated service for a recipient of financial assistance
3 under this section shall be the period determined by the
4 Secretary as being appropriate to obtain adequate service
5 in exchange for the financial assistance and otherwise to
6 achieve the goals set forth in section 7901(a) of this title.
7 In no event may the period of service required of a recipi-
8 ent be less than the period equal to two times the total
9 period of pursuit of a degree for which the Secretary
10 agrees to provide the recipient with financial assistance
11 under this section. The period of obligated service is in
12 addition to any other period for which the recipient is obli-
13 gated to serve on active duty or in the civil service, as
14 the case may be.

15 “(3) An agreement entered into under this section by
16 a person pursuing an doctoral degree shall include terms
17 that provide the following:

18 “(A) That the period of obligated service begins
19 on a date after the award of the degree that is de-
20 termined under the regulations prescribed under sec-
21 tion 7906 of this title.

22 “(B) That the individual will maintain satisfac-
23 tory academic progress, as determined in accordance
24 with those regulations, and that failure to maintain
25 such progress constitutes grounds for termination of

1 the financial assistance for the individual under this
2 section.

3 “(C) Any other terms and conditions that the
4 Secretary determines appropriate for carrying out
5 this section.

6 “(c) AMOUNT OF ASSISTANCE.—(1) The amount of
7 the financial assistance provided for an individual under
8 this section shall be the amount determined by the Sec-
9 retary as being necessary to pay—

10 “(A) the tuition and fees of the individual; and

11 “(B) \$1500 to the individual each month (in-
12 cluding a month between academic semesters or
13 terms leading to the degree for which such assist-
14 ance is provided or during which the individual is
15 not enrolled in a course of education but is pursuing
16 independent research leading to such degree) for
17 books, laboratory expenses, and expenses of room
18 and board.

19 “(2) In no case may the amount of assistance pro-
20 vided for an individual under this section for an academic
21 year exceed \$50,000.

22 “(3) In no case may the total amount of assistance
23 provided for an individual under this section exceed
24 \$200,000.

1 “(4) Notwithstanding any other provision of law, fi-
2 nancial assistance paid an individual under this section
3 shall not be considered as income or resources in deter-
4 mining eligibility for, or the amount of benefits under, any
5 Federal or federally assisted program.

6 “(d) REPAYMENT FOR PERIOD OF UNSERVED OBLI-
7 GATED SERVICE.—(1) An individual who receives financial
8 assistance under this section shall repay to the Secretary
9 an amount equal to the unearned portion of the financial
10 assistance if the individual fails to satisfy the require-
11 ments of the service agreement entered into under sub-
12 section (b), except in certain circumstances authorized by
13 the Secretary.

14 “(2) The Secretary may establish, by regulations,
15 procedures for determining the amount of the repayment
16 required under this subsection and the circumstances
17 under which an exception to the required repayment may
18 be granted.

19 “(3) An obligation to repay the Secretary under this
20 subsection is, for all purposes, a debt owed the United
21 States. A discharge in bankruptcy under title 11 does not
22 discharge a person from such debt if the discharge order
23 is entered less than five years after the date of the termi-
24 nation of the agreement or contract on which the debt is
25 based.

1 “(e) WAIVER OR SUSPENSION OF COMPLIANCE.—
2 The Secretary shall prescribe regulations providing for the
3 waiver or suspension of any obligation of a individual for
4 service or payment under this section (or an agreement
5 under this section) whenever noncompliance by the indi-
6 vidual is due to circumstances beyond the control of the
7 individual or whenever the Secretary determines that the
8 waiver or suspension of compliance is in the best interest
9 of the United States.

10 “(f) INTERNSHIPS.—(1) The Secretary may offer a
11 compensated internship to an individual for whom finan-
12 cial assistance is provided under this section during a pe-
13 riod between academic semesters or terms leading to the
14 degree for which such assistance is provided. Compensa-
15 tion provided for such an internship shall be in addition
16 to the financial assistance provided under this section.

17 “(2) An internship under this subsection shall not be
18 counted toward satisfying a period of obligated service
19 under this section.

20 “(g) INELIGIBILITY OF INDIVIDUALS RECEIVING
21 MONTGOMERY GI BILL EDUCATION ASSISTANCE PAY-
22 MENTS.—An individual who receives a payment of edu-
23 cational assistance under chapter 30, 31, 32, 34, or 35
24 of this title or chapter 1606 or 1607 of title 10 for a
25 month in which the individual is enrolled in a course of

1 education leading to a doctoral degree in information secu-
2 rity is not eligible to receive financial assistance under this
3 section for that month.

4 **“§ 7903. Education debt reduction program**

5 “(a) AUTHORITY.—(1) Subject to the availability of
6 appropriations, the Secretary shall establish an education
7 debt reduction program under which the Secretary shall
8 make education debt reduction payments under this sec-
9 tion to qualified individuals eligible under subsection (b)
10 for the purpose of reimbursing such individuals for pay-
11 ments by such individuals of principal and interest on
12 loans described in paragraph (2) of that subsection.

13 “(2)(A) For each fiscal year, the Secretary may ac-
14 cept up to five individuals into the program established
15 under paragraph (1) who did not receive such a payment
16 during the preceding fiscal year.

17 “(B) Not more than one individual accepted into the
18 program for a fiscal year under subsection (A) shall be
19 a Department employee as of the date on which the indi-
20 vidual is accepted into the program.

21 “(b) ELIGIBILITY.—An individual is eligible to par-
22 ticipate in the program under this section if the indi-
23 vidual—

24 “(1) has completed a doctoral degree a doctoral
25 degree in computer science or electrical or computer

1 engineering at an accredited institution of higher
2 education during the five-year period preceding the
3 date on which the individual is hired;

4 “(2) is an employee of the Department who
5 serves in a position related to information security
6 (as determined by the Secretary); and

7 “(3) owes any amount of principal or interest
8 under a loan, the proceeds of which were used by or
9 on behalf of that individual to pay costs relating to
10 a doctoral degree in computer science or electrical or
11 computer engineering at an accredited institution of
12 higher education.

13 “(c) AMOUNT OF ASSISTANCE.—(1) Subject to para-
14 graph (2), the amount of education debt reduction pay-
15 ments made to an individual under this section may not
16 exceed \$82,500 over a total of five years, of which not
17 more than \$16,500 of such payments may be made in each
18 year.

19 “(2) The total amount payable to an individual under
20 this section for any year may not exceed the amount of
21 the principal and interest on loans referred to in sub-
22 section (b)(3) that is paid by the individual during such
23 year.

1 “(d) PAYMENTS.—(1) The Secretary shall make edu-
2 cation debt reduction payments under this section on an
3 annual basis.

4 “(2) The Secretary shall make such a payment—

5 “(A) on the last day of the one-year period be-
6 ginning on the date on which the individual is ac-
7 cepted into the program established under sub-
8 section (a); or

9 “(B) in the case of an individual who received
10 a payment under this section for the preceding fiscal
11 year, on the last day of the one-year period begin-
12 ning on the date on which the individual last re-
13 ceived such a payment.

14 “(3) Notwithstanding any other provision of law, edu-
15 cation debt reduction payments under this section shall
16 not be considered as income or resources in determining
17 eligibility for, or the amount of benefits under, any Fed-
18 eral or federally assisted program.

19 “(e) PERFORMANCE REQUIREMENT.—The Secretary
20 may make education debt reduction payments to an indi-
21 vidual under this section for a year only if the Secretary
22 determines that the individual maintained an acceptable
23 level of performance in the position or positions served by
24 the individual during the year.

1 “(f) NOTIFICATION OF TERMS OF PROVISION OF
2 PAYMENTS.—The Secretary shall provide to an individual
3 who receives a payment under this section notice in writ-
4 ing of the terms and conditions that apply to such a pay-
5 ment.

6 “(g) COVERED COSTS.—For purposes of subsection
7 (b)(3), costs relating to a course of education or training
8 include—

9 “(1)) tuition expenses; and

10 “(2) all other reasonable educational expenses,
11 including fees, books, and laboratory expenses;

12 **“§ 7904. Preferences in awarding financial assistance**

13 ““In awarding financial assistance under this chapter,
14 the Secretary shall give a preference to qualified individ-
15 uals who are otherwise eligible to receive the financial as-
16 sistance in the following order of priority:

17 “(1) Veterans with service-connected disabil-
18 ities.

19 “(2) Veterans.

20 “(3) Persons described in section 4215(a)(B) of
21 this title.

22 “(4) Individuals who received or are pursuing
23 degrees at institutions designated by the National
24 Security Agency as Centers of Academic Excellence
25 in Information Assurance Education.

1 “(5) Citizens of the United States.

2 **“§ 7905. Requirement of honorable discharge for vet-**
3 **erans receiving assistance**

4 “No veteran shall receive financial assistance under
5 this chapter unless the veteran was discharged from the
6 Armed Forces under honorable conditions.

7 **“§ 7906. Regulations**

8 “The Secretary shall prescribe regulations for the ad-
9 ministration of this chapter.

10 **“§ 7907. Termination**

11 “The authority of the Secretary to make a payment
12 under this chapter shall terminate on July 31, 2017.”.

13 (b) GAO REPORT.—Not later than three years after
14 the date of the enactment of this Act, the Comptroller
15 General shall submit to Congress a report on the scholar-
16 ship and education debt reduction programs under chapter
17 79 of title 38, United States Code, as added by subsection
18 (a).

19 (c) APPLICABILITY OF SCHOLARSHIPS.—Section
20 7902 of title 38, United States Code, as added by sub-
21 section (a), shall apply with respect to financial assistance
22 provided for an academic semester or term that begins on
23 or after August 1, 2007.

24 (d) CLERICAL AMENDMENT.—The tables of chapters
25 at the beginning of such title, and at the beginning of part

- 1 V of such title, are amended by inserting after the item
- 2 relating to chapter 78 the following new item:

“79. Information Security Education Assistance Program 7901”.